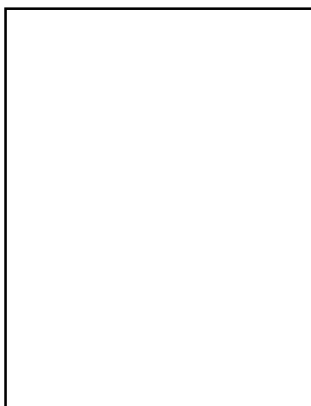


# Composting from banana peels

A Thai success story on technology development

Phitsanu Thepthong

Since the economic crisis of 1997, the Thai government has taken a number of steps to revive its economy and its industry in particular. Agro industry is considered crucial in Thailand's rural industry. The country's small and medium enterprises sector, which is largely rural-based, has been at the focus of the government's industrial policy. Serious efforts are being made to ensure effective technology transfer, which is widely perceived to be the key to the development of the rural industry. This article presents an actual case of a successful rural technology project in the agro industry sector of Thailand.



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## Introduction

In 1997, Thailand's economy almost collapsed. What went wrong? How did the economic crisis of 1997 arise? Briefly, the crisis originated in the financial sector, with other factors playing contributing roles.

But in any review of this event the question also arises as to what in the first place made the Thai economy so successful for so many years until then.

A strong suspicion remains that the dramatic plunge in Asia's currency values in 1997-8 was not just due to normal market forces. Something more sinister was at work. Speculators were busy manipulating currency markets, earning huge profits for themselves while wrecking fundamentally sound economies.

At the heart of Thailand's economic crisis was the near collapse of its financial sector. The vast majority of the coun-

try's finance companies were first suspended and then closed. Four of the country's 13 commercial banks were taken over by the Bank of Thailand, while the rest struggled to raise enough capital to stay in business.

The crisis laid bare many weaknesses in the Thai financial system that had been largely ignored when times were good. In fact, for the first time, people began to take a hard look at what was necessary for creating a stable system which would not break down the next time the economy turned sour.

People started to understand the reasons behind many of the strict regulations put in place in more mature financial systems elsewhere in the world and began to accept the fact that these would have to be instituted in Thailand as well.

Now it is clear that Thailand's booming economy of the early 1990s became